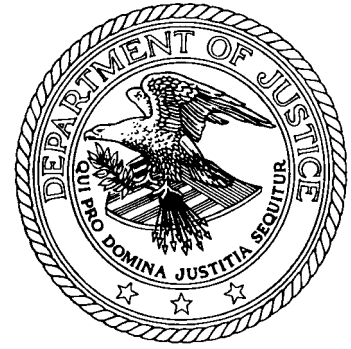


NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Carol C. Lam***

For Further Information, Contact: Assistant U.S. Attorney Steven A. Peak 619-557-6932

For Immediate Release

**BOILER ROOM OWNER SENTENCED IN NATIONWIDE
INVESTMENT FRAUD SCHEME TO 12 YEARS IN PRISON**

NEWS RELEASE SUMMARY - March 16, 2005

United States Attorney Carol C. Lam announced that Brent Douglas Morris was sentenced today in federal district court in San Diego. United States District Judge Barry Ted Moskowitz sentenced Brent Douglas Morris to 148 months imprisonment, three years supervised release, a \$2,400 special penalty assessment and ordered him to pay \$49,050,378 in restitution to victims.

United States Attorney Lam stated, "The 148-month sentence imposed by the Court reflects the magnitude of Morris' fraud," and noted that the lengthy sentence should serve as a warning to individuals perpetrating investment fraud schemes upon the public.

Morris was convicted on January 24, 2003, of 24 counts of conspiracy to commit wire fraud and mail fraud, substantive counts of mail and wire fraud, conspiracy to commit money laundering (to promote the fraud and to conceal the proceeds received), substantive money laundering, and conspiracy to defraud

agencies of the United States, specifically the Federal Trade Commission and the Department of the Treasury. Morris was convicted after a 21-week jury trial which began on September 3, 2002. The lead defendant in that trial, Marc David Levine, was sentenced by Judge Moskowitz on June 6, 2003 to serve 292 months in custody.

According to Assistant U.S. Attorney Steven A. Peak, who prosecuted the case, the charges for which Morris was sentenced arose out of his involvement with a telemarketing organization (described in court papers as “the Enterprise”) which was headquartered in Los Angeles, but which operated boiler rooms in several U.S. cities, including San Diego, Las Vegas, Nevada, and Tampa, Florida. Principals of the Enterprise defrauded over 3,000 victims nationwide of almost \$50,000,000 through the design, development and marketing of a series of purportedly “high-tech,” telecommunications-related securities (based on 900-number, pay-per-call services, virtual shopping malls and Internet service providers in various U.S. cities), which were not registered as required by law and which were fraudulently described to investors as “general partnerships.”

Each fraudulent venture consisted of a partnership which was to be owned by the investors, and a corporation which was to serve as the Initial Managing Partner of the partnership. The Initial Managing Partner corporation, which was controlled by the Enterprise, received a management fee equal to 85% of the funds invested in the partnership, which normally amounted to several million dollars. The nature and percentage of this management fee was deliberately concealed from investors by means of intentional misrepresentations, lies and omissions.

According to Assistant U.S. Attorney Peak, the twelve fraudulent ventures were divided into three “high-tech” categories. The first category of offerings, Touch Tone One, Touch Tone Two, Bureau Net, Link 900 and Teleserve Partners, were purportedly partnerships engaged in developing a business to offer 900-number, pay-per-call services to the public. The next group of fraudulent partnership offerings consisted of businesses engaged in developing a home shopping mall on the Internet called Future Net Emporium, a home

shopping computer market and merchandise outlet on the Internet called Home Net Shopping, and an Internet shopping mall called Central Plaza Mall. The last set of offerings related to the development of companies which would provide Internet access to businesses and individuals in various U.S. cities and which were called I-Net Providers (Atlanta, Houston and Philadelphia), Enternet (Chicago, Detroit and Indianapolis), ConnectKom (Seattle) and Intellicom (New York).

Assistant U.S. Attorney Peak said that the evidence at trial demonstrated, as did the earlier admissions by other defendants in their guilty pleas, that the participants in the conspiracy also defrauded agencies of the United States by deceitful and dishonest means. These conspirators used foreign and domestic nominee corporations, attorney client trust accounts, financial accounts of family members, and trusts in which to hide monies from the SEC, FTC and the Department of the Treasury, in places such as the Turks and Caicos Islands, the Cayman Islands, Hong Kong, and the Cook Islands. According to Peak, the evidence at trial also established that Morris and his co-conspirators engaged in money laundering in order to promote the illegal activities of the Enterprise, for example by payments made to the boiler room owners, who in turn paid the salespersons. The conspirators also acted to conceal the proceeds of their fraud, by the use of nominees, attorney client trust accounts, relatives and trusts, and sought as well to avoid the Department of the Treasury's currency transaction reporting requirements. Evidence at trial showed that some of Morris' coconspirators also destroyed some of the books and records of the Enterprise in order to prevent the government agencies from determining the specific monies each defendant had received from the scheme. Between August 2, 1994, and June 24, 1997, over 3.5 million dollars in investor funds were transferred by check and wire transfer to the boiler room operated by Morris. During that period, Morris and his wife, who worked with him, personally received almost \$500,000 of those criminal proceeds.

The sentences or sentencing dates of Enterprise members who have been convicted in related cases are outlined below. One defendant still remains to be sentenced.

United States Attorney Lam praised the San Diego Corporate Investment Fraud Task Force (formerly

the Boiler Room Task Force), a high-tech fraud investigative team made up of representatives from the United States Attorney's Office, the Department of Justice's Tax and Fraud Divisions, the Federal Bureau of Investigation, the Internal Revenue Service-Criminal Investigation Division, the United States Postal Inspection Service, the Federal Trade Commission, the U.S. Securities and Exchange Commission, the California Attorney General's Office, the California Department of Corporations and other federal, state and local agencies in San Diego, for its efforts in the investigation and successful prosecution of this matter. The Corporate Investment Fraud Task Force conducted the investigation of the telemarketing organization for over four years and worked closely with its multi-jurisdictional counterpart in Tampa, Florida, the Securities Fraud Task Force, which has as its members the U.S. Attorney's Office in Tampa, the Tampa field office of the FBI and the Florida Comptroller's Office's Division of Investigations. United States Attorney Lam also thanked the United States Attorney for the Middle District of Florida, Paul Ignatius Perez, for his office's aggressive efforts in investigating telemarketing fraud and his assistance in developing the charges which formed the basis of the Indictment in which Morris was charged.

DEFENDANT

Brent Douglas Morris

SUMMARY OF CHARGES

Title 18, U.S.C., Sec. 371 - Conspiracy to Commit Wire Fraud, Mail Fraud and Conspiracy to Defraud the United States

Maximum penalty per count: five years; fine of \$250,000 (or twice the gain)

Title 18, U.S.C., Sec. 1343 - Wire Fraud

Maximum penalty per count: five years; fine of \$250,000 (or twice the gain)

Title 18, U.S.C., Sec. 1341 - Mail Fraud

Maximum penalty per count: five years; fine of \$250,000 (or twice the gain)

Title 18, U.S.C., Sec. 1956(h) - Conspiracy to Commit Money Laundering

Maximum penalty per count: twenty years; fine of \$500,000 (or twice the involved funds)

Title 18, U.S.C., Sec. 1956(a)(1)(A)(i) - Money Laundering (Promotion)

Maximum penalty per count: twenty years; fine of \$500,000 (or twice the involved funds)

AGENCIES

Federal Bureau of Investigation, San Diego Division
Internal Revenue Service, Criminal Investigation Division
United States Postal Inspection Service
Securities Fraud Task Force, Tampa, Florida
Federal Bureau of Investigation, Tampa Division
Florida Comptroller's Office, Division of Investigations
California Department of Corporations

SENTENCING DATES / SENTENCES OF DEFENDANTS WHO HAVE BEEN CONVICTED OR PLED GUILTY IN RELATED CASES

<u>Defendant Name</u>	<u>Sentencing Date</u>	<u>Sentence</u>
Robert Terrance Hart	06/18/04	24 months in custody 3 years supervised release \$9,503,602 restitution order
Rodney Scott Shehyn	04/15/04	37 months in custody 3 years supervised release \$6,900,000 restitution order
Eugene Donald Evangelist, Jr.	06/20/03	66 months in custody 3 years supervised release \$29,075,848 restitution order
Marc David Levine	06/06/03	292 months in custody 3 years of supervised release \$49,050,378 restitution order
Mark Allen Jaconski	05/12/03	21 months in custody 3 years of supervised release \$6,664,776 restitution order
Anthony Matthew Castriotta	04/01/03	37 months in custody 3 years of supervised release \$2,945,148 restitution order

Sylvan Morgan Metoyer, III	03/12/03	25 months in custody 3 years of supervised release \$1,030,466 restitution order
Kent Bollenbach	03/05/03	54 months in custody 3 years of supervised release \$29,075,848 restitution order
Richard York	03/04/03	21 months in custody 3 years of supervised release \$4,293,537.46 restitution order
James Thomas Rissmiller	02/19/03	30 months in custody 3 years of supervised release \$4,841,113.92 restitution order
David Zeidel Diamand	02/18/03	88 months in custody 3 years of supervised release \$6,687,966 restitution order
Joseph Anthony Marfoggia	02/13/03	30 months in custody 3 years of supervised release \$707,228 restitution order
Timothy David Grayson	08/27/02	46 months in custody 3 years of supervised release \$30,850,088 restitution order \$343,374 forfeiture order
Lawrence Francis Long, Sr.	02/01/02	27 months in custody 3 years supervised release \$18,200,290 restitution order
Robert Harry Reisner	09/20/01	8 months in community confinement 3 years supervised probation \$116,000 forfeiture order \$10,000 fine
Joseph John Widmer	07/27/01	46 months in custody 3 years of supervised release \$13,174,227 restitution order
Ira Itskowitz	07/13/01	71 months in custody 3 years of supervised release \$49,031,740 restitution order \$1,067,339 forfeiture order

Daniel William Rearick	07/13/01	60 months in custody 3 years of supervised release \$46,526,740 restitution order \$425,968.50 forfeiture order
Lindsay Wellman	07/13/01	8 months in community confinement 400 hours of community service 3 years of supervised probation \$95,000 forfeiture order
Dennis S. Goddard	02/05/01	24 months in custody 5 years of supervised release \$1,018,312 restitution order
Michael Anthony Green	02/01/01	12 months in custody 3 years of supervised release \$5,577,990 restitution order
Christopher Scott Courtney	12/18/00	71 months in custody 3 years of supervised release \$48,400,081 restitution order
Michael Emerson Lopuszynski	11/20/00	60 months in custody 3 years of supervised release \$28,254,961 restitution order \$164,750 forfeiture order
Michael Wilhelm Engelhardt	11/17/00	37 months in custody 3 years of supervised release \$23,351,873 restitution order \$26,999 forfeiture order
James Charles Quinn Slaton	03/20/00	18 months in custody 3 years of supervised release \$4,485,000 restitution order
Mark Victor Nachamkin	03/20/00	12 months in custody 3 years of supervised release \$4,974,575 restitution order
Paul Evan Perelman	03/20/00	3 years of probation \$1,499,855 restitution order
Michael Joseph Coyne	12/22/99	5 years of probation \$70,000 restitution order

Gary Mariarossi	11/12/99	5 years of probation \$456,995 restitution order
Timothy Caswell Traub	11/12/99	5 years of probation \$100,000 restitution order
James D. Coffey	11/03/99	3 years of probation \$34,000 restitution order

Defendant awaiting sentencing:

Jonathan Edward Shoucair	4/12/05	9:00 a.m.
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